

CITY OF CORONADO

Proposition F

(This proposition will appear on the ballot in the following form.)

PROP F

ADVISORY VOTE ONLY

For the purpose of preserving health care facilities in Coronado, should the Community Development Agency of the City of Coronado purchase the hospital property from the Coronado Hospital Foundation for \$20.1 million paid over a 15-year term and also provide a forgivable loan of \$7 million for hospital capital projects to the Coronado Hospital Foundation, using funds borrowed from the City's General Fund reserve?

CITY ATTORNEY IMPARTIAL ANALYSIS

Proposition F is an advisory measure being presented by the Coronado City Council seeking a determination of the community's support of a proposed transaction involving the purchase of the real property occupied by the Sharp Coronado Hospital (the "Hospital") by the Community Development Agency of the City of Coronado (the "Agency"). The proposed transaction involves a purchase of the property over a 15-year term, with the Agency acquiring a 1/15th interest in the property with each annual payment to the Coronado Hospital Foundation (the "Foundation"), the owner of the property.

The total amount of payments to be made by the Agency is approximately \$20,100,000, based on a current value of \$12,589,000, amortized over the 15-year period at 6.5% per annum, with equal annual payments to be made for each proportionate interest being acquired. The funding for the proposed acquisition would come from a loan by the City of Coronado (the "City"), to the Agency, from the City's general fund reserves.

At the end of the 15-year period, provided all of the payments are made, the Agency would lease the property back to the Foundation for one dollar (\$1.00) a year; the Foundation would continue to lease the property to Sharp Coronado Hospital and Healthcare Center under its existing lease. The purchase payments would enable the Foundation to continue its philanthropic purpose to support operations of the Hospital.

Proposition F also seeks a determination of whether the Agency should amend its existing owner participation agreements with the Foundation by (a) increasing a forgivable loan of Agency funds to the Foundation from \$10,000,000 to \$17,000,000, for capital improvements, (b) reducing the Foundation's obligation to match the Agency's loan (through community contributions) from 100% (i.e., "dollar for dollar") to 50% (i.e., "fifty cents for each Agency dollar"), and (c) eliminating the requirement that all matching funds from the Foundation are to be limited to the acquisition, construction, and installation of capital improvements at the Hospital. By eliminating the Foundation's matching contribution obligation toward capital improvements, all of the Foundation's financial resources could be devoted to supporting operations of the Hospital.

As an advisory measure neither the City nor the Agency is bound by the results of the vote. Should the measure fail, the City and the Agency can still proceed with the proposed transaction; conversely, should the measure be approved, the City and the Agency can choose not to proceed with the transaction.

ARGUMENT IN FAVOR OF PROPOSITION F

By voting "yes" on this important measure, Coronado residents can help ensure that they and their families can receive health care from their own high quality, award-winning community hospital – Sharp Coronado Hospital.

City Council proposes that the Community Development Agency (CDA) 1) purchase at fair market value the land occupied by Sharp Coronado Hospital, and 2) increase the CDA's financial grant to the Coronado Hospital Foundation, which owns the hospital's facilities and land. These actions will help fund hospital operations and needed capital improvements, including equipment purchases and facility renovations, **without** increasing taxes for Coronado residents.

The Coronado Hospital Foundation and Sharp HealthCare are not-for-profit corporations. The Foundation's purpose is to raise funds to support Sharp Coronado Hospital. Sharp HealthCare operates the hospital through a long term lease agreement with the Foundation.

Revenue from current hospital operations is not enough. The City currently supports Sharp Coronado Hospital through a \$10 million matching grant. The hospital can only access the ten million when matched by private donations. Thus far, this combined private / public funding has provided renovations of the Emergency Department, Intensive Care Unit and the hospital's first floor.

Small community hospitals like Sharp Coronado Hospital are increasingly rare, because the operational and capital funds required exceed the revenue generated. Most community hospitals in California struggle financially due to a lack of resources. To continue to provide the health care services our community requires, it is critical that the hospital receives needed funding.

We urge you to vote "yes" to preserve and secure the future of our community hospital, Sharp Coronado Hospital. The City will gain ownership of a valuable asset, and Coronado residents and their families will be able to continue to access superior health care services without crossing the bridge.

ADM. LEON "BUD" EDNEY, Vice Chairman
Coronado Hospital Foundation

MARCIA HALL, CEO
Sharp Coronado Hospital

JAMES M. MAC GUIRE, Chairman
Coronado Hospital Foundation

AL OVROM, Councilmember
City of Coronado

TOM SMISEK, Mayor
City of Coronado

ARGUMENT AGAINST PROPOSITION F

No argument against the proposition was filed
in the office of the City Clerk.